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Prologis Comments on SB100 Analytical Framework Workshop

Additional submitted attachment is included below.

November 14, 2023

California Energy Commission
Docket Number 23-SB-100
715 P Street
Sacramento, CA 95814

Subject: Prologis Comments on SB 100 Analytical Framework Workshop

Submitted Electronically

On behalf of Prologis, I thank the California Energy Commission (CEC) for the opportunity to comment on the SB 100 Analytical Framework Workshop.

Prologis is the world's leader in logistics real estate solutions, focused on urban infill development. With assets totaling over 1.2 billion square feet, approximately 2.8% of global GDP flows through our 5,495 properties each year. California is our largest market, where our portfolio includes 166.7 million square feet of space across 843 properties, one third of which are located in disadvantaged communities (DACs). We have set a goal of deploying 1,000 megawatts (MW) of solar and storage across our global properties by 2025, and believe that rooftop solar is the least impactful form of energy in the world. To this end, Prologis plans significant investments in renewable energy generation, storage, and interconnection infrastructure at its properties in California, prioritizing those in dense urban centers close to where the energy demands are increasing most.

Our primarily large, flat rooftops are ideal for commercial solar installations that can help California reach its renewable energy goals and allow Prologis to offer reliable, secure, and privately financed sources of distributed energy. To date, we have been able to develop over 100 MW of solar generating capacity at locations throughout the state and hope to accelerate our rate of solar and storage deployment across all of our properties globally. We have only scratched the surface of what we are capable of generating, with 154.5 million square feet of rooftop in California yet undeveloped with the potential to produce 1.2 GW of power despite our strong desire to install more rooftop solar installations.

Prologis is encouraged by the CEC's inclusion of Distributed Energy Resource (DER) scenarios in its analytical framework for the SB 100 Joint Agency Report. The results of this analysis will help to shape the next phase of legislative and regulatory guidance to steer California towards its goal of 100 percent clean electricity by 2045. It is critical to provide a well-rounded data set that fairly assesses the benefits of DERs. Although DERs like rooftop solar cannot solve our climate problems alone, more rooftop solar should allow the state to retire gas plants faster and potentially avoid or delay expensive transmission projects. The bottom line is that we need all the potential solutions to achieve our aggressive climate goals.

Prologis is particularly encouraged by the CEC's focus on in-front-of-meter (IFM) DERs. These resources, especially battery storage, have particularly useful benefits considering the transmission scarcity issues the state is facing. With almost no deliverability left on the existing transmission grid, there are limited opportunities for new utility scale projects to qualify for Resource Adequacy (RA). IFM DERs like distributed battery storage projects, however, can often find locations on the distribution grid where they can provide valuable local reliability benefits. These resources are also smaller, so they have shorter development timelines and fewer supply chain issues. IFM DERs can provide clean, reliable capacity relatively quickly while the state works to expand the transmission grid.

Existing programs like the Disadvantaged Communities (DAC) Green Tariff (DAC-GT) and Community Solar Green Tariff (CS-GT) have deployed significant volumes of IFM DERs. Community Choice Aggregators (CCAs) have had particular success with these programs, with over 13,000 customers enrolled in the DAC-GT program and $2 million in bill discounts deployed[1]. Clean Power Alliance alone recently approved 6 power-purchase agreements through its DAC-GT program that should be operational in mid-2025.[2] However, the capacity that can be procured under these programs is limited. The state must expand upon these programs to capture the full value and potential of IFM DERs. The analysis of DER and IFM DER scenarios as part of the SB 100 Joint Agency Report should help justify growth in this area.

Prologis acknowledges the current limitations associated with modeling IFM DERs. Current models are not capable of choosing IFM DERs as a candidate resource that can be economically selected at the ideal levels for achieving reliability and Green House Gas (GHG) targets. CEC staff explained their intent to instead manually choose a portion of the utility scale projects selected by the model to categorize as IFM DERs and sought input on how to set the appropriate ratio. One source of data on the potential for IFM DERs is the DAC-GT and CSGT programs. However, Prologis cautions the CEC from relying too heavily on these programs alone because procurement is capped and does not necessarily reflect resource potential. Instead, the CEC should run multiple scenarios using different cost bookends for resource costs and avoided transmission costs to determine an optimal level of IFM DERs.

In addition, Prologis encourages the CEC to consider how land use screens apply to IFM DERs. During the workshop, multiple stakeholders expressed concern that land use screens developed for bulk resources located on natural lands could limit the volume of IFM DERs that are typically located in the built environment. Prologis agrees with these concerns. Land use screens should not limit the selected ratio of IFM DERs, and the model must apply the full benefits of avoided land use costs to all DERs, including IFM DERs.

Prologis appreciates the opportunity to respond to the CEC's SB 100 Analytical Framework workshop and looks forward to continued engagement on these issues.

Sincerely,

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[1] CCAs Succeed With Existing Community Energy Programs | Regulation Status | newsdata.com, September 8, 2023.
[2] https://cal-cca.org/clean-power-alliance-board-of-directors-approves-six-power-purchase-agreements-for-its-power-share-program/, September 7, 2023.